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RSCAS 2019/42

Robert Schuman Centre for Advanced Studies

Is Europe Ready for Power Politics ?

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EUI Working Paper **RSCAS** 2019/42

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ISSN 1028-3625

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Printed in Italy, June 2019

European University Institute

Badia Fiesolana

I – 50014 San Domenico di Fiesole (FI)

Italy

www.eui.eu/RSCAS/Publications/

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Abstract

Among the misunderstandings that are constantly fueling the debate on Europe, is its collective inability to shape the global game. And this at the moment when it faces American nationalism, Russian revisionism and China's rise. To explain this lack of European reactivity there is a simple and common interpretation: European states are cruelly divided on all subjects and struggle to act collectively. But, this explanation confuses causes and consequences. The bottom line is that the European project born in 1957 was built against the idea of power. The whole question, is then to assess the capacity of Europe to reverse that trend and play power politics in taking into consideration the feeling of strategic loneliness in a less and less Kantian world (I) and the sense of danger in a more and more Hobbesian world (II). This is what we call a gaullian moment for Europe.

Keywords

China, European Union, France, Gaullian, Gaullist, Germany, Power, Power politics, Trump, United States.

“The Trump administration has achieved the extraordinary feat of turning the Germans into gaullists”

New York Times February 18th 2019

Introduction

Among the misunderstandings that are constantly fueling the debate on Europe, is its collective inability to shape the global game. And this at the moment when she faces head-on, an unprecedented American nationalism reducing its allies to bulky objects, a Russian revisionism whose creativity targets the destruction of the liberal world and its institutions, and a China determined to hasten the step towards the roof of the world without excessive regard for those who would like to encourage it to slow down. To explain this lack of European reactivity there is a simple and common interpretation: European states are cruelly divided on all subjects and struggle to act collectively. By this yardstick, the orderly retreat towards the secure values of the nation-state would be preferable to the exhausting pursuit of a European project on the Sisyphean path. Yet, convenient as it is, this explanation confuses causes and consequences. Because the bottom of the case is not there. The bottom line is that the European project born in 1957 was built against the idea of power. The whole question, this article addresses, is to assess the capacity of Europe to reverse that trend and play power politics in taking into consideration the feeling of strategic loneliness in a less and less Kantian world (I) and the emergence of the sense of danger in a more and more Hobbesian world (II).

Europe was constructed against power politics

The European project launched in 1957 was fundamentally an anti-schmittian project¹. The Treaty of Rome, signed a year after the Suez debacle, expressed the burial of the pretorian ambitions of Europe in favor of a forgetful intra-market version of the world. And basically nothing better explains this shift than this essential anecdote reported by Christian Pineau French Minister of Foreign Affairs at the time of the case of Suez. At the invitation of Guy Mollet, hesitating to give in to the Soviet-American ultimatum to withdraw from Egypt, Adenauer had this to say: "In your place, I would accept. It's wisdom. And now we have to make Europe."² Of course, Suez does not explain the Treaty of Rome. The European machine was launched in 1950 with the Schuman declaration³. But the context is that one. Europe, full of conquests with dubious profits, brings the colors of its power back to half-mast. It completely balances its global claims in favor of an exercise in which it has historically excelled: the practice of soft commerce guaranteed by law. It accepts all the more willingly in the cold war it enjoys an anti-American guarantee that protects Europe while framing the rearmament of Germany, rearmament that the failure of the EDC had hardly reached prevent. Let's leave the big problems of the world bigger than us ... the Europeans seem to be saying⁴. All for the common market. Nothing for the rest that remains in the hands of the States or the American protector.

The only deviation from this intraversion was trade policy, communitarized since 1957, and which remains to this day the most powerful and effective source of leverage for the European Union at the global stage. But at this time the trade hardly had the political status it has acquired since then. European commercial interests were aligned. And the global trading game was limited to a tariff bargain between Europe and the United States.

¹ Carl Schmitt defined politics as a capacity to discriminate between friend and foe. The European project was anti schmittian in the sense that it never endorsed that idea and aimed at precisely at killing it.

² Van Middelaar, L. "*Le passage à l'Europe: Histoire d'un commencement*", Paris, Gallimard, 2012.

³ Giaccone, A., & Olivi, B. "*L'Europe difficile: Histoire politique de la construction européenne*", Paris. Gallimard, 2007, p. 27.

⁴ This perception was of course not shared by de Gaulle. But by confining Europe to the economy, he felt completely free to project French diplomatic power into the world after the end of the Algerian war.

In many ways this overall situation gives the impression of having hardly changed. Europe which is not a state and which will never be one continues to live on the fragile model of the confederation of nation states. Confederation where federated fragments (trade policy, single market, competition policy) coexist with fragments of sovereignty shared between Brussels and the Member States (a growing number of public policies) and fragments that remain nationalized as foreign policy, defense or migrations. But this tenacious and indisputable reality masks recent as well as sensitive inflections.

The gaullian moment

These all converge towards what could be called a Gaullian Europe. A Europe more *Gaullian than Gaullist*. The difference is far from semantic and deserves an explanation. Gaullism believed only in the States and did not envisage any organization of Europe apart from a strict intergovernmentalism. For him Europe was a political space in which France could enlarge its influence. This did not prevent de Gaulle from supporting the common market that he had initially denounced given the benefits that French agriculture quickly gained⁵. *But de Gaulle understood better than anyone else, the extreme loneliness of the States and the fragility of alliances*. This is why, unlike all the other European leaders, he did not believe inseparable the link between the Atlantic Alliance and the construction of Europe⁶. But where he failed was in his ability to convince Europeans that his plan for the continent was more than a process of enlarging French power. A conclusion shared by Michel Debré in 1971, not without second thoughts⁷. The Gaullist vision related to the stakes of the twenty-first century expresses something else. Rather, it refers to the need for Europe to become sovereign and powerful in the face of the return of power politics. But it envisages this essential change only through a growing sharing of sovereignty between the states, thus violating the Gaullist doctrine. To simplify, one would say that Gaullism would become incarnate today in the chevènementisme⁸ whereas the Gaullian vision would be found more in the Macronian vision of the sovereign Europe⁹. Indeed, France is now very much in favor of extending the qualified majority to taxation, foreign and security policy, which was in no way de Gaulle's position. Macron is therefore very Gaullian but not Gaullist. When we read his latest proposals on Europe, we are struck by the extent to which they are based on the creation of new institutions, such as the creation of a European Asylum and Immigration Agency¹⁰. This is not a Gaullist approach since, by increasing Europe's responsibilities, it aims to further communitarise European policies, be they migration, the economy or taxation¹¹. We can therefore understand the Gaullian turn of Europe only by taking into account the inflections of the French position. Indeed, while De Gaulle refused any politicization of the European Commission that he wanted to reduce to a technical role, today France is trying instead to repolitise it. It expects from it more political control over the

⁵ Institut Charles de Gaulle. "*De Gaulle et son siècle: Tome V*", Paris, La documentation française, 1992, p. 69.

⁶ Paul Gaul Spaak, one of the founding fathers of the Common Market, said of De Gaulle: "For ten years I have seen him as the most dangerous opponent of the two ideas for which I have fought for nearly a quarter of a century. the Atlantic Alliance and the "European" unity; Spaak, P. H. "*Combat inachevés*", Paris, Fayard, 1969, p. 169-170 and p. 164.

⁷ By pointing out that General De Gaulle had played his part in building a European Europe, Michel Debré implicitly called for a sovereigntist retraction: "Europe 1971: two failures - two successes - two tests - two certainties", *Revue de Défense Nationale*, October 1971.

⁸ In reference to Jean Pierre Chevènement the former french minister who symbolised the opposition to the Treaty of Maastricht and European integration.

⁹ Élysée. Point d'étape de l'initiative de la Sorbonne, March 5, 2019. <https://www.elysee.fr/emmanuel-macron/2019/03/05/point-etape-initiative-de-la-sorbonne>

¹⁰ Macron, E. For European renewal, March 4, 2019. <https://www.elysee.fr/emmanuel-macron/2019/03/04/pour-une-rennaissance-europeenne>. However, there is debate as to whether these institutions are community or intergovernmental. Probably a combination of both.

¹¹ Macron's fierce opposition to the Spitzenkandidaten process in the selection of the President of the Commission shows, however, that France remains very attached to the supremacy of the states in the European game. It remains also ambivalent on the necessity of cutting the link between banks and sovereign debt.

management of the euro zone and not a rigid implementation of the Maastricht criteria¹². France is to a certain extent favorable to a partial federalisation of European economic policy, precisely to circumvent the German and Hanseatic obstacles, while Germany, historically reputed federalist, has become very intergovernmentalist. This is the reason why it wants to deprive the Eurogroup (considered too political) of any power for the benefit of the European Stability Mechanism deliberately depoliticized and charged to implement the "rule"¹³. This illustrates what Karl Heinz Bohrer calls the German tendency to fetishize the law to the point of making it "a metaphase based on an absolute norm independent of reality and placed above politics"¹⁴. From this point of view, there is a reversal between France and Germany. France understood that governance by EU institutions was preferable to governance by rules alone. Institutions allow political discretion whereas rules applied in isolation and without political contextualization lead to a certain dogmatism. This was remarkably explained by ECB Governor Mario Draghi, a discrete but implacable critic of German economic policy: "the rules are generally static and require states to adhere to specific actions while the institutions prescribe goals. As a result, rules cannot be updated quickly when unforeseen situations arise while institutions can be dynamic and flexible"¹⁵.

The discovery of loneliness

At the heart of the Gaullist worldview and the long-standing dispute between France and its partners was the question of the transatlantic link. Certainly De Gaulle was very clearly in the Atlantic camp¹⁶. From 1959 he recalled that the USSR was at two stages of the Tour de France. Later, he very clearly supported Washington in the Cuban Missile Crisis. His successors have not been left behind. Mitterrand did not hesitate to support London in the Falklands war against Argentina. And in the midst of the euromissile crisis he declared that the missiles were in the East and that the pacifists in the West refusing then any moral or strategic equivalence between East and West. The difference between Paris and its partners lies less in the degree of attachment to the transatlantic links than in their significance. For France this link is essential whereas for its partners it remains existential. For Germany, the preservation of the Atlantic alliance and the European construction were only two sides of the same coin, to which France very clearly refused. The European federalist Paul Henry Spaak totally shared the German point of view¹⁷. So hardly had the ink of the Elysée Treaty dried up that the German Bundestag conditioned the ratification of the treaty by introducing a preamble reaffirming the primacy of the transatlantic link; as if to ensure that the Franco-German construction would not be to the detriment of the alliance with the United States. De Gaulle's furious reaction to this approach, confirms the reality of the dispute and the French thoughts. Still today the debate is not totally closed. In a rather violent and totally unexpected article the former German leader of the SPD Sigmar Gabriel reproaches the new Franco-German treaty of Aachen of 2019 to take the risk of distorting the link of Germany with the Atlantic alliance evoking

¹² A perfect illustration of this reversal of the relation to politics and therefore of the role of the community institutions was given to us by the exchange of forums between the Dutch Minister of Finance at STEF BLOK. The political European Commission needs greater transparency to debunk the myth of Brussels as a faceless bureaucracy and the response of French Commissioner Pierre Moscovici stating that "The European Commission is political - it has no other choice", *Financial Times*, February 22, 2019

¹³ Cf Auer, S. Merkel's Germany and the European Union: Between emergency and the rule of rules, *Government and Opposition*, 2019, 1-19.

¹⁴ Bohrer, K. H. "Projekt Kleinstaat", *Merkur: Deutsche Zeitschrift für Europäisches Denken*, 2011, 747, p. 661-669.

¹⁵ Draghi, M. Sovereignty in a globalised world. *Bank of International Settlement*. February 22, 2019. <https://www.bis.org/review/r190225g.pdf>

¹⁶ "Since the Atlantic Alliance did not exist, nothing could prevent the Soviet dictatorship from spreading all over Europe and Africa, and from there covering the whole world. Well ! France prefers to maintain the Atlantic Alliance until the day when the reign of peace would be really assured" de Gaulle cited in Duroselle, J. France and the United States from the beginning to the present day, Paris, Seuil, 1976, p. 226-227.

¹⁷ Spaak, P. H. "*Combats inachevés*", Paris, Fayard, 1969, p. 169-170.

the 1963 precedent¹⁸. Nothing new then? Not quite. Because the election of Donald Trump has precisely introduced a major break in the transatlantic relationship. And that his first victim is Germany. Strategic victim because Germany has basically never seriously imagined its future outside the US guarantee. And that contrary to what one might think this feeling was reinforced after the end of the cold war because Germany believed that rivalries between states in decline would benefit the logic of economic interdependence. More than anyone, Germany believed at the end of the story because it suited itself so much¹⁹. Yes, Germany was still surrounded, but this time it was by friends. It has been since the end of the Cold War that German military expenditure has collapsed, making the Bundeswehr a second-rate army and very little operational²⁰. Strategic victim, therefore. Economic victim then because the nationalism of Trump strikes an economy that lives on its exports and accumulates destabilizing surpluses elsewhere²¹. The German confusion with Trump is all the greater because the new American policy is not reducible to any traditional analysis scheme. Trump is not messianic in the sense that could be a George Bush who wanted to extend the field of democracy to the complicated East. He is not a realist in the Kissingerian sense of the term since it completely neglects the construction of alliances essential to the construction of a balance of power with his opponents. If to counter China Trump was a realist, he would have logically made an alliance with Europe to face it. Especially since on this question the European and American interests are perfectly aligned²². But his approach is completely different. Europe and Japan, for example, were the first to be hit by US tariff sanctions on aluminum steel, while the main target was China in principle. Incomprehensible from an economic or ideological point of view, this strategy becomes intelligible in Gaullist terms: the United States first strikes those who are most dependent on them strategically. All this explains why France, even if she is disconcerted by Trump's policy, is politically better equipped to face her²³. For at bottom all Gaullian grammar rests on the idea that protections are never gratuitous and protectors often versatile.

The discovery by Germany that the notion of allies no longer had for the United States the sacramental value it accorded it, constitutes for it a geopolitical shock; the most important since reunification. Germany, which has always thought that its economic prosperity was the best antidote to the world's disorder, is now in a situation where it finds that its power does not protect it from US pressure or China's competition. A situation she would have been unable to contemplate just ten years ago. The economic nationalism of Donald Trump is a shock for Germany that can grow if it decides to extend its protectionist policy to the European automotive sector with a goal to the key: to force the German companies extremely present on the market American to relocate all their production in the United States²⁴. A shock all the more powerful that she does not see how to answer it, since Trump seems really decided to do without allies even if they came to be accommodating what would be the spontaneous tendency of the Germans. Despite being a strong Brexit supporter, the White House tenant has made it clear to the British that he would not give them any particular economic advantage in the

¹⁸ Gabriel, S. Franco-German friendship is not enough. *Project Syndicate*, January 25, 2019.; Laïdi, Z. The Franco-German pact is not the problem, *Project Syndicate*, February 2, 2019.

¹⁹ Stelzenmüller, C. The unready hegemon, *Berlin Policy Journal*, February 27, 2019. <https://berlinpolicyjournal.com/the-unready-hegemon/>

²⁰ Buck, T. German military: Combat ready?, *Financial Times*, February 2018.

²¹ Dieter, H. Stubbornly Germany first: Options for reducing the world's largest current account surplus. *SWP Comment*, 2018, 48. https://www.swp-berlin.org/fileadmin/contents/products/comments/2018C48_dtr.pdf

²² Laïdi, Z. Reading Olson to Understand Trump : Multipolarity without Multilateralism?, *Robert Schuman Centre for Advanced Studies Policy Papers*, 2018, 2. http://cadmus.eui.eu/bitstream/handle/1814/57564/RSCAS_PP_2018_02.pdf?sequence=1&isAllowed=y

²³ In addition, the United States is undeniably impressed by the military capabilities of France, particularly in Africa. The result is that the United States criticizes Germany and rarely France despite differences on most major issues.

²⁴ Dawson, C. & Boston, W. Auto makers consider shifting more manufacturing to North America. *The Wall Street Journal*, October 5, 2018.

prospect of a free trade agreement between the states. United States and the United Kingdom²⁵. In other words, even when trying to please a less accommodating protector, the most faithful of allies is now assured of nothing.

The German confusion is all the greater, because of the uncertainty of the American strategic guarantee guarantees to an ideological opposition to the very idea of the European Union. Not enough to transfer their sovereignty to Brussels, the European advisor for the security of Donald Trump that is John Bolton²⁶. The relationship to sovereignty is at the heart of the Euro-American dispute. But the idea of shared sovereignty is deeply foreign to the United States.

At first, Europeans confronted with the brutality of Trump behaved as "an abused woman having to leave the marital home". But the hope of an American appeasement to the test of power has not come. On the contrary, American policy has continued to be radicalized. Most US officials in favor of a strong relationship with Europe left the White House. The United States announced: their withdrawal from, the Paris agreement on climate, the nuclear agreement with Iran, the Soviet-American agreement on intermediate range nuclear weapons (INF). They have also suggested that the US strategic guarantee cannot be preserved if the Europeans continue to look east; announced their unilateral withdrawal from Syria to the point of uncovering the French special forces, engaged in a commercial offensive against the European interests, triggered a process of suffocation of the WTO institution absolutely fundamental for Europe in trade²⁷. In this context, even Germany, which has a dual wait and see tradition, is obliged to note that the carpet of certainties is shrinking under its feet: "an alliance which becomes unilateral and transactional is no longer an alliance" declares a German official²⁸. That is the problem. Merkel, for her part, felt that Europe must now take its destinies in her own hands. Even the Dutch Prime Minister, who was not naturally expected on this ground, recently declared that "Realpolitik must be an essential part of Europe's foreign policy tool kit. Because if we only preach the merits of principles and shy away from exercising power in the geopolitical arena, our continent may always be right, but it will seldom be relevant."²⁹ In fact, even if they remain cautious, European reactions to the American offensive are not insignificant. On the commercial side Europe exercised its right of retaliation against the rise of the American tariffs. In addition, it has put on the table a reform agenda of the WTO that cleverly takes into account the American grievances against China, complaints that it also shares very widely.

She was very forthcoming on the establishment with France and Great Britain of a trade barter instrument with Iran to allow European companies not trading with the United States not to be affected by the extraterritoriality of American laws³⁰. The three European powers are also on the same line to refuse to withdraw from the agreement with Iran as desired by the United States. It is even three powers have recently refused to yield to US pressures that gave them the injunction to cease all business

²⁵ Politi, J. Is the Lighthizer brigade about to charge through London?, *Financial Times*, March 4, 2019.

²⁶ Bolton, J. R. Should we take global governance seriously, *Chicago Journal of International Law*, 2000, p. 220.

²⁷ The United States is blocking the renewal of the WTO appeals judges in order to make its function impossible from 2020 onwards. In doing so, the WTO partners will no longer go along with what is the American objective. Washington wants to return to the GATT system, where scouts are leading to bilateral negotiations.

²⁸ Erlanger, S. & Bennhold, K. Rift between Trump and Europe is now open and angry, *The New York Times*, February 17, 2019.

²⁹ Rutte, M. The EU: From the power of principles towards principles and power, February 13, 2019. <https://www.government.nl/documents/speeches/2019/02/13/churchill-lecture-by-prime-minister-mark-rutte-europa-institut-at-the-university-of-zurich>

³⁰ International interbank exchanges are all governed by SWIFT which is a basic institution based in Brussels. The United States has asked Swift to freeze any deal with Iran even if it does not concern the United States! To deal with Iran, the Europeans have decided to circumvent Swift by creating Instex. Instex works like a central clearing house. Buyers and sellers in Iran and Europe could get their money without making transfers into and out of the Middle East country. But this device can only concern companies that have no connection with the United States. The big European companies for whom the US market is vital have all left Iran. It remains then to be seen if even such a modest instrument is effective. *Financial Times*, january 31st, 2019

relationship with the Chinese firm Huawei. This latter choice may seem contradictory to the growing distrust of Europeans towards China. But this contradiction is only apparent. Europeans believe that it is possible to work with Huawei, as long as certain precautions have been taken³¹. Finally, again recently Germany and France have very clearly refused to send ships to the Black Sea to provoke the Russians following US injunctions³². While urging the EU to increase its military expenditures it warned it against any defense policy that may limit the access to the European market for US firms³³. It is therefore not correct to say or think that Europe is doing nothing. This new strategic situation in fact favors the rapprochement of French and German visions on the world order even if approximation does not mean identity of views. This convergence around an idea of a politically more autonomous Europe organized around the Franco-German couple makes all the more sense that essentially it is basically Germany that converts to a certain French vision. But it must not overshadow the evolution of French thought especially with regard to Russia. With this one, the relations of France are very clearly degraded and this for reasons which are due to the power of the Russian disinformation which does not spare any France, to the Russian support to the nationalist forces, to the Russian return in Africa and in particular in Central African Republic, the difficulty of finding common grounds with Moscow on the Syrian issue. Moscow can only welcome the distancing of the link between Europe and the United States. But it aspires to benefit from it by dividing it. Basically, Washington and Moscow are betting on the destruction of the European Union. China is not there yet because it needs the single market. But the division of the Member States is at the heart of its European strategy. We can however consider that the three big hard powers in the world have a joint interest in refusing the emergence of the EU as a full fledged actor.

Even if it is not directly related to this new global strategic situation, the decision of Germany to build a fighter jet with France due in 2040, and this against the advice of the German General Staff who would have preferred to buy the American F 35, has a significant political significance³⁴. It is therefore not correct to conclude too quickly that Europe is doing nothing in front of American, Chinese or Russian pressure. It remains to move from a purely defensive strategy to a collective approach where Europe would be able not only to indicate what it refuses but to affirm what it wants. But this second step is undeniably more difficult to achieve than the first. The conversion of Germany to power politics will at best be very slow because the German political metabolism is a slow metabolism. By slow metabolism is meant an extremely gradualist initiation of the collective process of redefining the relation to the world. This is due largely to German political history since 1945, to its consensual and fundamentally democratic decentralized political system. The gap with France is on this point considerable³⁵. But there is more. To participate in the formalization of European sovereignty, Germany must relearn how to live with ideas of concepts that it has powerfully repressed, but which are paradoxically all concepts of German origin: *Weltpolitik*, *Realpolitik*, *Machtpolitik*, *Weltpolitikfähigkeit*. For that it would be necessary that all this debate extends beyond the official circles to reach the whole of the German public opinion. For the moment she is very far from it even if she is not blind to the current change³⁶. In addition, there are beliefs and processes throughout the German model that go against all forms of global thinking. If we look quickly at the ordoliberal doctrine that still structures

³¹ *The Economist*, February 2&, 2019.

³² Donahue, P. & Jacobs, J. Pence asked Merkel to provoke Russia by sending warships to Crimea, *Bloomberg*, March 29, 2019. <https://www.bloomberg.com/news/articles/2019-03-07/merkel-is-said-to-reject-u-s-pressure-to-provoke-russia-s-navy>

³³ Besch, S and Quencez, M, “The importance of being protectionist: a long view of the european defense fund “, *War On the Rocks* , June 13 ,2019

³⁴ Buck, T. Germany opts against buying American F-35 stealth fighter, *Financial Times*, January 31, 2019.

³⁵ Major, C. & Mölling, C. Franco-German differences over defense make Europe vulnerable, *Carnegie Europe*, March 29, 2018. <https://carnegieeurope.eu/strategieurope/75937>

³⁶ Körbinger Stiftung. The Berlin Pulse: German foreign policy in perspective, 2018. https://www.koerber-stiftung.de/fileadmin/user_upload/koerber-stiftung/redaktion/the-berlin-pulse/pdf/2018/The-Berlin-Pulse-2018.pdf

German economic thought today, we are struck by the extent to which it is foreign to any idea of macroeconomics for example. If Germany still refuses the idea of a euro area budget that would revive the European economy in the event of an economic slowdown it is obviously because of what Germany wants avoid being the payer³⁷. But fundamentally there is beyond that, the idea that the European economy is the sum of national economies that must first and foremost be well managed. What would have one day made Mario Draghi say that German economic philosophy was a branch of moral philosophy ... This profoundly anti-Keynesian view explains why Germany refuses to admit that its own choices can affect others, including negatively: "The German government likes to point out to critics that it is not in a position to influence the level of surpluses." To the question of how Germany intends to absorb its huge trade surpluses, which clearly have a negative effect on the growth of other European countries, the German Government replies that the latter has no authority over the companies. "This is simply incorrect because the state has a direct influence on current account and capital account balances."³⁸.

When Germany is criticized for engaging in a gas pipeline project with Russia that undermines European energy solidarity and strengthens Russia's market power over Europe, these same German leaders argue the same arguments.³⁹ Naturally, this advocacy is very largely instrumentalized by the political power to justify its choices. But interests are related to beliefs, making it very difficult or at least very slow to change the relationship with the world.

Another area where German choices impede the political emancipation of Europe is that of money. Certainly, the euro is by far the second largest currency in the world in terms of the six criteria that characterize the role of an international currency⁴⁰. But on four of these six criteria the euro is very much behind the dollar. Moreover, this gap has widened in recent years following the European sovereign debt crisis. The absence of a safe European asset (safe asset) has reduced the attractiveness of the euro for foreign investors⁴¹. But the creation of such an asset is central on the debate on the reform of the euro area even if there is no consensus on this point. Germany but also the countries of the Hanseatic League are reluctant to move toward a stronger monetary union as long as the link between sovereign debts and banks is not severed. This could be achieved by limiting how much domestic sovereign debt banks can hold⁴². The arbitration between solidarity and responsibility within the euro zone is therefore far from being decided and not only by the fault of the Germans⁴³. But as long as this point is not settled, that is to say until a true banking union has been established the emergence of the euro as a competitor of the dollar will remain very unlikely. Especially since the setting up of a safe asset adds another stake: the existence of deep and liquid European capital markets, i.e. financial markets fully integrated into the image of what they can be in the United States. Finally, we must add to this third obstacle which is

³⁷ This is actually a myth. Germany did not pay anything at all. It lent Greece money at non-concessional rates, the first function of which was to repay the German banks.

³⁸ Dieter, H. Stubbornly Germany first: Options for reducing the world's largest current account surplus. *SWP Comment*, 2018, 48. p.5. Retrieved from: https://www.swp-berlin.org/fileadmin/contents/products/comments/2018C48_dtr.pdf

³⁹ Benner, T. Enough Babble, *Berlin Policy Journal*, February 27, 2019. <https://berlinpolicyjournal.com/enough-babble/>

⁴⁰ These six criteria are: the global volume of debt denominated in one currency (22% for the euro against 63% for the dollar), the currency of international loans (21% for the euro against 59 for the dollar), the use of a currency in the foreign exchange markets (31% for the euro against 42% for the dollar), the currency of payments of the exchanges (31% for the euro 42 for the dollar) finally the wording of the foreign exchange reserves (20% for the euro against 64 for the dollar) ECB, The international role of the euro, July 2017. On the link between euro area reform and the international role of the euro: cf Münchau, W. Tinkering will not deliver a stronger role for the euro, *Financial Times*, August 26, 2018.

⁴¹ Münchau, W. Tinkering will not deliver a stronger role for the euro, *Financial Times*, August 26, 2018.

⁴² Bénassy-Quéré, A., Brunnermeier, M., Enderlein, H., Farhi, E., Fratzscher, M., Fuest, C., Gourinchas, P.-O., Pisani-Ferry, J., Rey, H., Schnabel, I., Véron, N., Weder di Mauro, B., Zettelmeyer, J. Euro area architecture: What reforms are still needed, and why, *VOX CEPR Policy Portal*, May 2, 2019. <https://voxeu.org/article/euro-area-architecture-what-reforms-are-still-needed-and-why>

⁴³ Italy is opposed to that idea and France is ambivalent on that. Discussion with Nicolas Veron, May 2019

strictly political in nature. A large international currency can only truly exist only if backed by a strong political power. We are from that. But the simple fact that this debate is resurging in Europe today reveals the need for Europe to think of its strategic solitude.

A sense of danger

Despite this, a feeling that is gradually emerging in Europe. This is the meaning of danger, that is to say the feeling of vulnerability coming from both an ally that was believed to be unfailing, from an old adversary that was thought to have been neutralized (Russia), from an immense country that we did not see coming so quickly (China). In 2003, the first report on the European Security Strategy, drafted with difficulty, began with a flourish: "Europe has never been so prosperous, so secure and so free"⁴⁴. Admittedly nobody could in 2003 project themselves into the world 2019. But what strikes in this report is the deep belief in an increasingly interdependent world where the use of force would inevitably decline because of the decline of conflicts between States. The message that Europe is sending to the world is that of an actor full of goodwill, willing to use the levers of negotiation, dialogue and development aid to appease the suffering of the world. All on the backdrop of confusing liberal optimism: "Spreading good governance, supporting social and political reform, dealing with corruption and abuse of power, establishing the rule of law and protecting human rights are the best means of strengthening the international order"⁴⁵. The civil power is thus theorized and Europe proposes to provide leadership⁴⁶. Europe proposes then to lead by example. But the illusion does not last long. The reversal took place in 2008 in favor of the Copenhagen climate conference. Europe, which had contributed to the success of the Kyoto Protocol, has been brutally dispossessed of its climate leadership. The United States and China do not agree on anything. But they are not on an essential point: the climate is a question too serious not to be taken back in hand by the big powers. In fact, Europe dazed is excluded from the drafting of the final communiqué⁴⁷. The United States and China decide from there to change the parameters of the negotiation. They must be based on commitments made by States to reach a global agreement and not define global parameters that would then be imposed on States⁴⁸. Technically we go from top down to bottom up. Politically, Europe is being deprived of the power to impose high standards on the rest of the world⁴⁹. It is also the modification of the parameters of the negotiation and the Sino-US pre-agreement on the climate that will allow the success of the Paris conference in 2015⁵⁰. This is the beginning of a process of rupture of multilateralism by the great powers. But this signal was not the only one. In the same year, the Doha Round negotiations at the WTO, strongly pushed by the European

⁴⁴ European Union. European Security Strategy: A secure Europe in a better world, *Council of the European Union*, 2003. Retrieved from: https://www.cvce.eu/en/obj/european_security_strategy_a_secure_europe_in_a_better_world_brussels_12_december_2003-en-1df262f2-260c-486f-b414-dbf8dc112b6b.html

⁴⁵ idem

⁴⁶ Groen, L. On the road to Paris: How can the EU avoid failure at the UN Climate Change Conference (COP 21)?, *Istituto Affari Internazionali*, 2015. <http://www.iai.it/sites/default/files/iaiwpl533.pdf>

⁴⁷ Schreurs, M. The Paris Climate Agreement and the three largest emitters: China, the United States, and the European Union, *Politics and Governance*, 2016, Vol. 4(3), p. 219-223. <https://www.cogitatiopress.com/politicsandgovernance/article/view/666/666>

⁴⁸ Laïdi, Z. Towards a post-hegemonic world: The multipolar threat to the multilateral order, *International Politics*, 2010, Vol. 51(3), p. 350-365. http://www.laïdi.com/sites/default/files/IP_Towards%20a%20Post-Hegemonic%20World.pdf

⁴⁹ It must be understood, however, that this dispossession is due to objective factors. At the time of the Kyoto Protocol Europe was with the United States the first emitter of greenhouse gases. Since its weight has been reduced considerably for demographic reasons and a generally virtuous policy

⁵⁰ Tiberghien, Y. Chinese Global Climate Change Leadership and Its Impact, in Amighini, A. China: Champion of Which Globalization?, Milan: Ledizioni LediPublishing (ISPI). May 2018. Pp. 101-120.

Union, were shattered by a political disagreement between the United States and India this time. It is the end of the great commercial masses and the beginning of the process of disruption of the trading system.

This gradual return to classical geopolitics was amplified by the financial crisis and its corollary: the euro crisis. The financial crisis revealed the rise of emerging countries, especially China, while the crisis of the euro plunged Europe into introversion. Initially a symbol of risk aversion Europe based on risk became for the first time a systemic risk for the rest of the world⁵¹. When in 2015 it emerges from the crisis that struck it, Europe discovers a profoundly changed world. She meets a Russia on the war foot in Ukraine and a China launched at full speed towards the top of the world. By 2010, the Chinese GNP crosses that of Europe before exceeding it. In 2035 China will account for 22% of the world GNP against 14% for the United States 12% for Europe at parity with India⁵². The sense of danger will therefore come first from the rise of China. It explains the Gaullist turn of Europe. A turning point made possible by the change of German foot. The signals had not missed. In 2012 a French Commissioner, Michel Barnier, had already proposed to ban access to the European market to all foreign companies coming from countries not accepting the principle of reciprocity in the award of public contracts which was obviously already the case of China. The common-sense proposal is buried by Berlin⁵³. Behind its ideological commitment to free trade, Germany was actually defending very prosaic interests. Because its industrial products are very much in demand in China, it generates considerable margins on the Chinese market, a market on which it reigns supreme among its European competitors. In 2016 the Commission came back with a more watered down proposal. But Germany said once again no. Yet the following year, Germany abruptly reversed its position. China's takeover of Kuka, a global pioneer in the manufacture of industrial robots, shows Germany the flip side of Chinese décor⁵⁴. The Chinese market economy is a pasteboard decor behind which is emerging a global takeover strategy that uses all the liberalities of the Western system to lead the race. But for China the German industrial model is the absolute reference. More than the United States. Because if for China the United States is a rival, Europe is a prey. Industrial prey with two advantages: to have both a single market and divided states in all non-communitarized areas. It is therefore enough for him to find a door badly closed (Greece, Portugal) or deliberately opened (Italy) to access the European house⁵⁵. This is exactly what it did with the purchase of the ports of Piraeus and Lisbon. This is what it does with the Balkan countries, before they join the European Union, or even more recently with Italy, with which it has just signed the first G7 MOU under the BRI⁵⁶. A priori investing in rail or telephone road infrastructures is not reprehensible or worrying. But there are several problems⁵⁷. The first is that China has financial resources to buy and lend. Except that in the latter case, it places its partners in a situation of financial dependence which deliberately ignores the most basic prudential factors. Thus, if the recipient is unable to repay, China will

⁵¹ Laïdi, Z. Europe as a risk averse power: A hypothesis. *Sciences Po*, 2014. <https://hal-sciencespo.archives-ouvertes.fr/hal-01069405>

⁵² European Parliamentary Research Service. *Global Trends to 2035: Economy and Society*, 2018. [http://www.europarl.europa.eu/RegData/etudes/STUD/2018/627126/EPRS_STU\(2018\)627126_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2018/627126/EPRS_STU(2018)627126_EN.pdf)

⁵³ *Financial Times*, March 19, 2019.

⁵⁴ The Federation of German Industries (BDI). *Partner and Systemic Competitor – How do we deal with China's State-Controlled Economy?*, *BDI Policy Paper*, January 2019. <https://english.bdi.eu/media/publications/#/publication/news/china-partner-and-systemic-competitor>

⁵⁵ Poggetti, L. Italy's BRI blunder, *Project Syndicate*, March 21, 2019.

⁵⁶ Haenle, P. & Le Corre, P. Xi's visit to Europe and China as a "systemic rival", *Carnegie-Tsinghua Center for Global Policy*, March 18, 2019. <https://carnegietsinghua.org/2019/03/18/xi-s-visit-to-europe-and-china-as-systemic-rival-pub-78615>

⁵⁷ Stolton, S. & Fortuna, G. Leaked memo reveals China's detailed plans in Italy, *Euroactiv*, March 8, 2019. <https://www.euractiv.com/section/politics/news/exclusive-leaked-memo-reveals-chinas-detailed-plans-in-italy/>

opportunistically purchase the property for which a loan was granted⁵⁸. Hence the Chinese interest for small European countries like Portugal Greece. The second is that agreements with states are negotiated in complete opacity. China is not moving towards convergence with the West. Quite the contrary since the arrival of Xi Ji Ping she has very officially unveiled her ambitions and expressed her willingness to see the party take greater control over the economy not to mention the official obligation for companies to cooperate with the State and intelligence services⁵⁹. For Europe the challenge is not only economic but ideological. It has to confront itself more and more with an increasingly illiberal world of which she had not foreseen the emergence. In its defence, the United States has fed the same illusion. However, we cannot say that Europe remains unresponsive. Indeed, within a year it has taken on a community or national basis important decisions. The first is the establishment of a European mechanism for controlling foreign investment in strategic sectors⁶⁰. Of course, the ultimate responsibility for accepting these investments remains in the hands of the Member States. But the vast majority of these now have national control mechanisms. And the main one of them, Germany has revised this mechanism three times⁶¹. Moreover, and for the first time in its history since 1945, Germany recaptured the very French idea of industrial policy hitherto considered as an anti market idea, even if that change has more to do with the Chinese threat than the French persuasion⁶². This document goes as far as to foresee the possibility for the German State to take provisional control of strategic enterprises likely to fall into foreign hands⁶³. And as if to confirm this absolutely fundamental reorientation, France and Germany have just signed a *Manifesto Franco-German for an industrial policy adapted to the 21st century*⁶⁴. This document, unthinkable two years ago, proposes to redefine European competition policy, including through the establishment of a possible right of appeal by States against Commission decisions⁶⁵. Finally, this same Commission is considering in the very near future to put in place new rules on the

⁵⁸ Le Corre, P. Hearing on Chinese Investment and Influence in Europe, *House of Representatives Foreign Affairs Committee, Subcommittee on Europe, Eurasia and Emerging Threats*, May 23, 2018. <https://docs.house.gov/meetings/FA/FA14/20180523/108355/HHRG-115-FA14-Wstate-LeCorreP-20180523.pdf>

⁵⁹ The Federation of German Industries (BDI). Partner and Systemic Competitor – How do we deal with China’s State-Controlled Economy?, *BDI Policy Paper*, January 2019. <https://english.bdi.eu/media/publications/#/publication/news/china-partner-and-systemic-competitor>

⁶⁰ European Union. Regulation 2019/452: Establishing a framework for the screening of foreign direct investments into the Union, *Official Journal of the European Union*, March 21, 2019. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R0452&from=EN>

⁶¹ Hanemann, T., Huotari, M. & Kratz, A. Chinese FDI in Europe: 2018 trends and impact of new screening policies, *Mercator Institute for China Studies*, March 6, 2019. <https://www.merics.org/en/papers-on-china/chinese-fdi-in-europe-2018>

⁶² *The Economist*, February 21, 2019

⁶³ German Federal Ministry for Economic Affairs and Energy. National Industrial Strategy 2030: Strategic guidelines for a German and European industrial policy, February 2019. <https://www.bmwi.de/Redaktion/EN/Publikationen/Industry/national-industry-strategy-2030.html>

⁶⁴ Franco-German Manifesto for a European industrial policy fit for the 21st century. February 19, 2019. <https://www.gouvernement.fr/en/a-franco-german-manifesto-for-a-european-industrial-policy-fit-for-the-21st-century>

⁶⁵ This topic was revealed by the Commission's refusal to endorse the Alstom: Siemens merger. This case is however debatable. In France almost all economists approve the choice of the Commission. This point of view is summarized in the CAE study: Jean, S., Perrot, A. & Philippon, T. Competition and trade: what policies for Europe?, *Council of Economic Analysis*, No. 51, May 2019. <http://www.cae-eco.fr/IMG/pdf/cae-note051.pdf> But the french Finance Inspectorate has just published a report that takes the opposite of the CAE and criticizes the decision of the Commission which considered that the Chinese threat is not proven: “In fact, when the Commission declares that there is no competition from a third country for the time being in a given sector, the issue is not so much whether or not it takes into account of third countries likely to be active on the European market - because it does so - but rather to ensure, when these third-country actors are not active in Europe, that it does not underestimate, on the basis of tangible information available to it, their ability to penetrate the European market in the medium term: this is the analysis of potential competitors likely to compete with the parties to the merger” “Perrot, A., Blonde, V., Ropars, A., Catoire, S. & Mariton, H. *La politique de concurrence et les intérêts économiques de l’UE*, April 2019. <http://www.igf.finances.gouv.fr/files/live/sites/igf/files/contributed/IGF%20internet/2.RapportsPublics/2019/2018-M-105-03-UE.pdf>

award of public contracts to contain China in the practices are judged to be at least unfair⁶⁶. For the European Union, China is now considered a "systemic rival"⁶⁷. It does not seem like anything. But by introducing for the first time the idea of rival the European Union is part of a schmittian logic that defines politics as the ability to discriminate the friend of the enemy. It may mark the exit of a sort of political provincialism, France has been almost alone in criticizing. If this trend were confirmed, it would show that the European Union is finally starting to play politics. Should we believe it? Yes. Can we believe it? Perhaps.

⁶⁶ European Union. Regulation 2019/452: Establishing a framework for the screening of foreign direct investments into the Union, *Official Journal of the European Union*, March 21, 2019. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R0452&from=EN>

⁶⁷ European Commission. EU-China: A strategic outlook. *Joint Communication to the European Parliament, the European Council and the Council*, March 12, 2019. <https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf>

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